

**DATE: DECEMBER 14, 1998**

**TO: PASADENA COMMUNITY DEVELOPMENT COMMISSION**

**FROM: CYNTHIA J. KURTZ, CHIEF EXECUTIVE OFFICER**

**SUBJECT: JOURNAL VOUCHER APROPRIATION OF \$50,000 IN LOW AND MODERATE INCOME HOUSING TRUST FUNDS FOR UNION STATION FOUNDATION**

**RECOMMENDATION:**

It is recommended that the Pasadena Community Development Commission take the following actions: a) approve a journal voucher appropriating grant funds in the amount of \$50,000 from the unallocated balance of the Commission's Low and Moderate Income Housing Trust Fund to Account No. 810-684120-51406 for the provision of transitional housing and supportive services by the Union Station Foundation; and b) authorize the Commission's Chief Executive Officer to execute, and the Secretary to attest, all necessary contracts and related documents in a form acceptable to the Commission" General Counsel.

**BACKGROUND**

The Union Station Foundation ("Union Station") is a non-profit agency with a mission "to provide the poor and homeless in our community the means to transform their lives and become productive, stable and self-supporting citizens". Union Station operates its programs from its main facility located at 412 S. Raymond Avenue, and offers its clients food, shelter, and vital supportive services to help break the cycle of homelessness. Union Station has been of service to Pasadena's homeless and poor for 25 years and has a long history of collaboration with other community social service agencies.

Since 1990, the U. S. Department of Housing and Urban Development ("HUD"), through its Supportive Housing Program ("SHP"), has consistently awarded grant funding to Union Station in excess of \$100,000 annually for the purpose of underwriting the costs of Union Station's transitional housing program and related supportive services for homeless individuals. In 1997, Union Station received a SHP grant in the amount of \$116,000.

Upon the expiration of the initial grant, Union Station had followed HUD-stipulated renewal procedures and timetables every year and, as a result, was awarded one-year grant renewals each year through 1997. Typically, Union Station received notification from the HUD regional office in Los Angeles every January as to the renewal procedures for that year.

However, in January 1998, when inquiry was made at the Los Angeles Regional HUD office about renewal procedures to obtain SHP funding in 1998, Union Station was informed that HUD had changed procedures and application timetables and that the renewal application process for 1998 funding was already closed. Furthermore, Union Station was informed by HUD officials that: 1) SHP grant requests have been made part of the 1998 "SuperNOFA" funding application process (in which local government submits a funding application to HUD); 2) any Union Station SHP renewal request should have been included in the City of Pasadena's 1998 SuperNOFA application; and 3) therefore, Union Station was no longer a direct "recipient" of HUD SHP funding.

Unfortunately, neither Union Station nor the City of Pasadena had received notification from HUD about these changes. As a consequence, Union Station's SHP renewal request was not included

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in the City's SuperNOFA application package to HUD and, therefore, Union Station's SHP grant was not renewed for 1998.

Since first learning of the HUD procedure changes in January and the resultant loss of funding, Union Station and the City have made numerous and repeated attempts to persuade HUD to restore the SHP funding for 1998. Union Station representatives have met with local and national HUD officials including Assistant Secretary Saul Ramirez, Jr., and staff members of Congressman James Rogan and Senator Barbara Boxer who have attempted to intervene on Union Station's behalf. To date, HUD has not indicated any intention to restore funding for Union Station for 1998.

In order to replace the 1998 HUD SHP revenues, Union Station has undertaken an accelerated fundraising program this year to meet its annual operating budget of \$1,478,589. As of October 31, 1998, Union Station had raised \$677,179 from private sources and \$341,005 in government grants. To date, accelerated fundraising efforts have resulted in an increase in individual donations and actual expenses have been held below budgeted levels. Furthermore, Union Station anticipates strong contributions during November and December. Nonetheless, Union Station projects a year-end shortfall in excess of \$43,000.

The proposed Commission grant in the amount of \$50,000 would be used to cover the cost of transitional housing, meals, and supportive services (case management, individual counseling, group therapy, health screening, and related programs) for homeless individuals housed at Union Station. Union Station would be required to submit to the Commission a financial report on the expenditure of the Commission funds. If, on the other hand, the Commission grant is not awarded, Union Station may find itself in a precarious financial position by Spring 1999. It will have exhausted its cash reserves and will be unable to meet its expenses during a period when donation revenues are typically slim. According to Union Station, the most likely scenario at that time will involve a layoff of one or more social service staff and a resultant decline in the level of service to the agency's homeless clients.

The subject recommendation represents a one-time only funding request from Union Station. Union Station's SHP grant application for 1999 and successive years will be incorporated into the City's SuperNOFA application package to HUD in conformance with the revised federal procedures.

The Community Development Committee took action on the subject recommendation at its meeting on December 10, 1998. The Committee action will be reported by staff at the Commission meeting.

#### **BENEFIT FINDING**

The Union Station facility is located outside of the Commission's Old Pasadena and Downtown Redevelopment Project areas. However, the Commission and the City Council have previously determined that the expenditure of Low and Moderate Income Housing Trust Funds to assist homeless programs located outside of the boundaries of these two redevelopment project areas are of benefit to the project areas. A primary goal of the Union Station program is to reduce the extent of homelessness, much of which occurs in the Downtown and Old Pasadena redevelopment project areas. In particular, Old Pasadena was formerly a major point of congregation for the homeless, while also supplying a large share of the city's inexpensive single room occupancy housing. Most of this housing resource was lost with the commercial redevelopment of the project area. Allocation of Low and Moderate Income Housing Trust Funds to homeless programs is a means of redressing what could be considered the "secondary" displacement of former residents of Old Pasadena.


**FISCAL IMPACT**

Approval of the subject recommendation will result in a \$50,000 drawdown from the unallocated fund balance of the Commission's Low and Moderate Income Housing Trust Funds. The current unallocated fund balance is over \$1 million. These funds will be used by the Union Station Foundation to pay for the provision of transitional housing and supportive services. The Commission funding will be awarded to Union Station as a grant. Although no repayment will be required, Union Station shall provide a financial report on the expenditure of the Commission funds.


Respectfully submitted,

  
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